Virginia Housing Commission Short-Term Rental Work Group Common Interest Community Basics July 14, 2016 Presented by Lucia Anna "Pia" Trigiani MERCERTRIGIANI

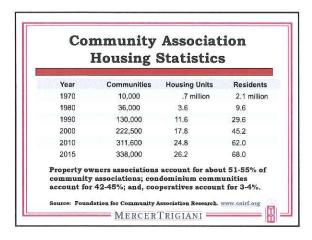


	Characteristics of Community Associations
A	utomatic Membership
	ontractual Relationship based on overning Documents
I 1	ndividual Property Ownership
C C	ommon Area/Common Elements
I V	landatory Assessments
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Distinctions Between Community Associations Types Who Owns the Common Area Planned Community - The Association, a nonstock corporation Condominium - Each Owner, based on common element interest allocation Cooperative - Corporation Owns Common Elements and Units

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3 Functions of Community Associations Business Governance Community MERCERTRIGIANI



Community Associations – By the Numbers Community Associations Institute (CAI)

- estimates
 In the U.S. in 2016, the number of
- community associations is between 342,000 and 344,000
- In Virginia -
 - 8500 community associations
 - 1,710,000 residents

Source: Foundation for Community Association Personal Property of the

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Community Association Facts

- Since 1970, one in every 3 new residential homes built in the United States is in a community association.
- Community associations range in size from 2-unit condominiums to large scale planned communities.
- Community associations are comprised of homes of all architectural styles.

Source: Foundation for Community Association Research. www.cairf.org

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Community Association Satisfaction Survey

- By large majorities, most residents rate the overall community experience as positive.
- Residents say
 - Association board members serve the best interests of their communities.
 - Community managers provide valuable support to residents and their associations
- Residents support rules because rules protect and enhance property values.

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Statutory Foundation Federal Law Americans with Disabilities Act Fair Housing Act Telecommunications Act of 1996 Federal Flag Act Common Law Local Ordinance Mercertrigiani

Statutory Foundation State Statutes Horizontal Property Act - § 55-79.1 Condominium Act - § 55-79.39 Property Owners' Association Act - § 55-508 Real Estate Cooperative Act - § 55-424 Real Estate Time Share Act - § 55-360 Non-Stock Corporation Act - § 13.1-801 Common Interest Community Statutes - § 55-528 and § 54.1-2345

Condominium Instruments Condominium Declaration (Master Deed) and Exhibits Bylaws Common Element Interest Table Plats Plats Plans Rules and Regulations Resolutions Mercertrigiani

Governing Documents Planned Community Declaration Articles of Incorporation Bylaws Architectural Guidelines Rules and Regulations Resolutions MERCERTRIGIANI

Virginia Constitution

Bill of Rights - Article I, Section 11.

That no person shall be deprived of his life, liberty, or property without due process of law; that the General Assembly shall not pass any law impairing the obligation of contracts.

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House Bill 812 Senate Bill 416

Amendment Addressing Covenants

D. The provisions of this chapter shall not be applied to limit or otherwise impinge upon contracts or agreements between or among individuals or private entities relating to the use of real property, including the provisions of condominium instruments of a condominium created pursuant to the Condominium Act, the declaration of a common interest community as defined in § 55-528, or the cooperative instruments of a cooperative created pursuant to the Virginia Real Estate Cooperative Act.

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Sample Leasing Restrictions Established in recorded documents Condominium Instruments Declaration Bylaws Planned Community - Declaration Vary Substantially Rely on Local Ordinance Enhanced, in some respects, by rules

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Community Association Challenges Sense of Community Purchaser (home owner) Expectations Retaining residential character of community Reliance upon local ordinance and zoning Full time hosting vs. occasional hosting Short term rentals limit availability for

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long term rentals

Community Association Challenges Compliance with restrictive covenants and Association rules Leasing Commercial Use Behavioral Issues – Parking, Noise, Trash, Smoking Community standards – maintenance, architectural

More Challenges Financial Impact Administration Maintenance and repair costs Owner Conflict – Inconsistent expectations Security MERCERTRIGIANI

More Challenges Impact on Property Values Added burden on common facilities and amenities Owner vs. short term tenant perspective (financial interest) Americans with Disabilities Act Fair Housing compliance

More Challenges Mortgage Finance Federal Housing Administration (FHA) Statutorily prohibits transient housing No loans guaranteed in condominiums that permit rentals of less than 30 days Freddie Mac and Fannie Mae Do not accept condominium hotels MERCERTRIGIANI

Approaches to Address Challenges More rigorous compliance efforts Amend governing documents Amendment approval thresholds Costly endeavor Financial Resources Volunteer and Management Resources Process made uncertain by recent Virginia Supreme Court case



